



December 25, 2008

McCotter: Auto loan buys time for 'viable plan'

By Hugh Gallagher
STAFF WRITER

U.S. Rep Thaddeus McCotter, R-Livonia, said Tuesday that President George W. Bush's \$17 billion bridge loan to General Motors and Chrysler gives the auto companies three months to make the restructuring they need to survive.

"I think you'll see they get this thing done, or everyone loses," he said.

Last week, President Bush authorized that General Motors would receive \$9.4 billion and Chrysler would receive \$4 billion in December and January from the \$700 billion allocated by Congress for the Toxic Assets Relief Program for investment banks. General Motors will receive an additional \$4 billion in February. General Motors and Chrysler warned that they did not have enough money to meet demands through the end of the year. Ford Motor Co. has told the government that it has enough money for the near future and did not receive federal funds.

"It's the best we could have hoped for," McCotter said.

The president acted after the Senate failed to pass a rescue bill that had been approved in the House of Representatives.

McCotter said the bridge loan gives the auto companies three months to bring all stakeholders together and create "a viable plan for the future." He said it also keeps General Motors and Chrysler from having to file for bankruptcy. The auto companies have said that going into bankruptcy would be a problem because buyers would be reluctant to buy from a bankrupt auto company due to concerns over parts availability and warranties.

McCotter said the bridge loan also gives the incoming Barack Obama administration an opportunity to participate in talks and offer its own recommendations. McCotter said the Bush and Obama positions are very similar.

"It will be interesting to see how it plays out and what constitutes 'viable,'" McCotter said.

If the two companies do not have an acceptable plan, they will be required to repay the federal loan in three months.

McCotter has been critical of the treatment of Detroit auto executives by members of Congress compared to the treatment given investment bank executives who have been the beneficiary of \$350 billion with more to come. He and others have demanded that the banks be more accountable for the funds they've already received and will receive in the future.

"House Republicans sent a letter to Speaker (Nancy) Pelosi and (House Finance) Chairman (Barney) Frank to investigate and Frank said he would," McCotter said.

He said now that Congress has vented its frustration on the auto companies, it can turn its attention "to those who caused the problems in the first place," investment bankers.

"Credit has yet to unfreeze," he said.

President-elect Obama is pushing for an economic stimulus package centered around government investment in repairing the country's infrastructure. As a self-described conservative, McCotter has reservations about the extent of government involvement.

"Investment in infrastructure is a necessary and good thing. It's something that will last and not be temporary. I will be interested in the details and what gets put into the package," he said.

Private investment to stimulate the economy, he said, is being stymied by the continuing credit crunch. He said a stimulus package alone can not turn around the economy and that more needs to be done to help those struggling with foreclosure problems.

"More should have been done on the grass-roots level," he said of the TARP funds.